

PURCHASE INFORMATION

Parcels may be purchased either by paying the full purchase price for the parcel in a lump sum, or by entering into a sale contract with the State of Alaska or its authorized representative.

You are responsible for maintaining a current address with the Division of Mining, Land and Water during the life of the sale contract. Any notice or other correspondence sent to you is sufficient if mailed to the last address of record.

Lump Sum Payment

If the purchase price minus the minimum five percent (5%) down payment, per parcel, is \$2,000 or less, the purchase price must be paid in full and a land sale contract will not be issued (11 AAC 67.875). The balance due (purchase price minus the minimum five percent down payment) and a non-refundable document handling fee of \$100.00 will be due 30 days after the Award Notification Letter is received by the purchaser.

If you are the successful bidder for a parcel and do not meet requirements listed in the "Bidder/Applicant Qualifications" Section to qualify for a contract, a lump sum payment will be required.

Sale Contracts

If the purchase price minus the minimum five percent (5%) down payment, per parcel, is greater than \$2,000, the remainder may be paid by sale contract if you meet the requirements listed in the "Bidder/Applicant Qualifications" Section. Once you have signed a state land sale contract, you have entered into a legal, binding contract. Your money will not be refunded if the contract is in default, has been relinquished, or is otherwise terminated.

A sale contract will not be issued by the State of Alaska unless all three requirements listed in the "Bidder/Applicant Qualifications" Section are met.

The terms for purchasing state land by sale contract are:

- minimum down payment of five percent (5%) of the purchase price;
- non-refundable document handling fee of \$100.00; and
- contract for payment of the balance, with interest, over a period of up to 20 years based on the following parameters:

DNR will provide for a monthly installment payment schedule unless the department determines that a quarterly or annual installment payment schedule is more administratively efficient. Monthly principal and interest payments will be set on a level-payment basis according to the following financed principal amounts (11 AAC 67.875):

- \$2,000.00 or less must be paid in full at time of purchase;
- \$2,000.01 to \$9,999.99, contract length will not be more than 5 years;
- \$10,000.00 to \$14,999.99, contract length will not be more than 10 years;
- \$15,000.00 to \$19,999.99, contract length will not be more than 15 years; and
- \$20,000.00 or more, contract length will not be more than 20 years.

The interest rate on all land sale contracts will be the prime rate as reported in the Wall Street Journal on the first business day of the month in which the contract is sent to you for signature, plus 3%; however, the total rate of interest may not exceed 13.5%. Interest begins to accrue on the effective date shown on the face of the contract.

You may, at any time, pay more than the required payment. DNR does not charge a prepayment penalty. You may make payments in person, by mail or online. Checks returned for any reason may invalidate the transaction and terminate all rights of the purchaser.

Your contract will be issued as soon as possible, however delays are possible. **The state does not allow early entry for development activity until the sale contract is issued, or patent is received.** Please contact the Contract Administration Unit at (907) 269-8594 for additional information.

Service Charge

Once the contract for sale has been executed, you will owe a service fee for any late payment or returned check as follows:

- **Late Payment Penalty:** A breach caused by the failure of the purchaser to make payments required by the contract may be cured by payment of the sum in default and a fee, as specified in AS 38.05.065(d), of \$50.00 or five percent (5%) of the sum in default, whichever is larger. Contract payments received apply first toward any late fees, then toward interest owed, and any remainder reduces the principal balance.
- **Returned Check Penalty:** A returned check fee of \$25.00, as provided in 11 AAC 05.010, will be assessed for any check on which the bank refuses payment. The default termination date (the date payment is due) will not be altered due to a delay caused by a bank refusing payment. Late penalties under (1) of this section shall continue to accumulate.